3.2.4 Inventory

Inventory Management

Objective

The objective of Inventory Management is to provide functionality to the State of South Carolina agencies and their users for managing the processes supporting inventoried items. The SCEIS solution will provide functionality to support these Inventory Management processes.

Master Data

The following are master data elements that will be required during setup to support the Inventory Management functionality within the SCEIS solution.

Organization

The organizational structures needed to support Inventory Management are plants and storage locations. These master data elements will be created in the SCEIS solution to support the agency specific Inventory Management processes of the agencies within the State. A detailed explanation of the organizational elements and their relationship with other functional areas can be found in section “Procurement – Organizational Structures” of this document.

Valuation

Material Valuation (Price Control)

The SCEIS solution will provide 2 methods for the pricing of materials. These will be standard or moving average pricing. Current State inventory accounting policies allow for either method to be used. Each agency will determine what method is applicable to their business needs for valuation of their materials.

Valuation Area

Valuation areas will correspond to plant levels of the purchasing organization. The valuation area will be set at the plant level to allow for accounting visibility and accountability of materials at the plant (agency) level. With this setting, the accounting information (material price) will be maintained separately for each plant (agency).

Valuation Class

Along with valuation area and other factors, the valuation class determines the G/L accounts that are updated as a result of goods movement. The actual mapping of valuation class to G/L account will take place during the next phase upon completion of the G/L account structure.

Material Types

The State will utilize standard delivered material types in the SCEIS solution, but may require creation of additional material types as requirements warrant. Examples of the standard delivered materials types that will be available are:

- Operating supplies
- Raw materials
- Finished products
- Services
- Perishables

Each material type has unique characteristics to define the functions that can be performed in the system with materials of that type. During the next phase when the NIGP Commodity Code structure is loaded into the system, it will be determined to what material type each NIGP commodity code will be mapped.

Material Number

The number that uniquely identifies the material in the material master and in the product catalog. Material numbers will be externally assigned in the SCEIS solution and will represent the NIGP Commodity Code. See Master Data – Material Master section for further detail. Any existing legacy systems within the agencies will have the ability to map their existing numbering scheme to the new number via the “Old Material Number” field.

Material Description

The short text describes a material in the SCEIS solution. Material information exceeding maximum number of 40 characters will be stored in additional long texts. The short text for materials in the solution will be based on the NIGP Commodity Code descriptive text.

Material Groups

Material groups will be created in the SCEIS solution and will correspond to the shortened 5-digit level of the NIGP Commodity Code. It will provide the ability to enhance searching for commodities as well as provide a structured hierarchy for reporting.

Units of Measure

The SCEIS solution will provide standard delivered units of measure values. Analysis was performed during the Blueprint phase to compare the standard delivered units of measure with the existing DMH pilot as well as the APS Procurement solution used by MMO/ITMO. In conjunction with this analysis, the workshop participants determined there was no need for additional customized units of measure. This basic unit of measure will be used to manage the stock and keep the valuation price of the material. Additional units of measure for specific purposes will be defined as necessary (order unit, issue unit).

Batch Management

Certain materials, (e.g., pharmaceuticals, perishables) may require use of material batches. This will allow, among others, all Inventory Management functions to be performed for batched materials (such as tracking of quantity and expiration dates). Internal numbering functions for batched materials will not be used. Batch numbers will be externally assigned by the end user upon initial goods receipt, correspondent to the vendor assigned batch / lot number identification for the material.

Serial Numbers

Serial numbers will allow the State to uniquely identify individual items of certain materials. Serial numbers will be recorded for those inventoried items that require serial number tracking. There are certain commodities that State agencies deem to be “sensitive items.” This functionality will provide the capability to manage and track these items by serial number while they are being controlled through Inventory Management. Once a “sensitive item” has been issued out of Inventory Management, they will need to be tracked within the Asset functionality of the SCEIS solution (see Finance - Asset Accounting section). The Asset Custodian upon issuance of the material will assign an Asset number.

Hazardous Materials / Perishables

Use of hazardous materials functionality will be limited to monitoring shelf-life expiration date and storage conditions. Additional data must be maintained in the material master. Agencies that wish to store hazardous materials must consider the storage requirements of the individual products and determine appropriate storage / bin conditions.

Process Definition

Overview

The Inventory Management functionality is a sub component of the Materials Management functionality that will be provided within the SCEIS solution. This functionality is closely integrated with the Procurement and Financial processes within the SCEIS solution. It will provide the State the ability to:

- Manage material stocks on a quantity and value basis
- Manage real-time documentation and accounting of all goods movements
- Manage the process of carrying out a physical inventory

Inventories, for the purpose of this section, will include the general operational supplies that the State requires to carry for conducting business. Items that will be managed with the Inventory Management functionality will generally be the day-to-day items that an agency wants to manage and control quantities and $ value in an inventory G/L account. Some examples defined from the workshops would include office supplies, cleaning supplies, food, medicine, and law enforcement supplies. Items that will be deemed as “Assets” under future State Asset Guidelines will not be managed within this functionality. For documentation on the management of assets, please refer to Finance – Asset Accounting section of this document.

The State will take a decentralized approach to managing inventories. Each agency will have the ability to manage their own inventories independent of other State agencies within the SCEIS solution. This approach will allow each agency the autonomy to run their business per their agency guidelines, yet provide the State a solution that will provide Statewide visibility into inventory levels and usage.

The Inventory Management functions will be based upon the Material Master object within the SCEIS solution. The Material Master will be structured per the NIGP Commodity Code that the State plans to implement. All Inventory Management transactions within the SCEIS solution will require the use of a NIGP Commodity Code to represent the items that have managed inventories.

Materials management organizational structure will be configured in a manner such as to support the decentralized planning, management, and accounting of materials at the plant (agency) level. The SCEIS solution will utilize plant and storage location master data elements to manage the physical locations of inventories.

Replenishment

The SCEIS solution will have the capability to perform manual or automated replenishment of inventory items. The necessary data to enable these functions will be maintained in the material master at the plant (agency) level. This means that it will be an agency decision to choose if they wish to turn on automatic replenishment and each agency's replenishment strategy will be independent of other agencies. Agencies will have the option to use reorder points and/or replenishing planning (includes lead time for processing of PO's, delivery time, safety stock, outstanding open orders) that meet the needs of their business.

Reorder points can be established (based on history) for quantities to restock against each material. The material master record will be updated for the reorder points, safety stock levels, and lead times. A planning run will be executed that will create a list of the materials requiring replenishment. This planning run can be executed on a daily basis to capture any changes to material that occurred from the previous day. The planning run should be executed at least once a week. Requisitions or planned orders are created based on the planning run output. Agencies will have the option to use planned orders to review and update the replenishment of materials. This will be used for agencies that require approval before the requisition is created. If agencies do not need this review, a requisition will automatically be created. The requisitions created from an automated planning run will be processed as per the normal requisition process defined in the Material Management – Procurement section of this document and will be subject to all State Procurement Code regulations.

If an agency chooses not to utilize the automated replenishment functionality, then they still may choose to maintain the relevant planning data within the material master such as reorder points and lead times. This will enable an agency and its inventory managers the ability to execute reports off these data points and make decisions on whether to replenish by manually creating requisitions in the system. This will also provide the added benefit that if sometime in the future they choose to implement the automated replenishment, then all the necessary supporting data will be established.

Physical Inventory

The SCEIS solution will have the capability to manage the process of performing a physical inventory of agency material stocks to establish levels of the stock physically on hand. This function will predominantly be used by agencies to perform their annual inventory count as per GAAP and the State Comptroller General Closing Package requirements and internal agency policies and procedures. However, if an agency chooses to perform a physical count on a more regular basis such as monthly or weekly, then they will have the capability to do so. All stock material within an agency will need to go through the physical inventory process at the storage location level. The SCEIS solution will provide three types of physical inventory procedures that will be available for the agencies to utilize.

- Periodic inventory occurs when materials are counted at one-time (annual)
- Continuous inventory, where material is counted continuously during the entire year
- Cycle inventory, where material is counted at regular intervals within the year as defined in the material master records and may be updated based upon ABC analysis

A physical inventory document will be generated identifying items and locations to be inventoried. The capability to block postings against the inventoried items is available on a plant-to-plant basis. The physical inventory documents will be printed and distributed to those performing the counts. The document will not reveal the count on record in the system. The initial physical count will be conducted and the counts are entered into the system. The system will perform a matching process to compare the physical counts with the book inventory stock levels. Any differences may require a recount and all documentation should be verified for accuracy. If necessary, corrected counts can be entered into the system. The results are reviewed and inventory stock is adjusted. (Note: There should be sufficient level of approval to document and authorize any adjustments for unmatched counts within an agency). The personnel completing and entering the physical counts should be different from the personnel posting the actual adjustments in the system as per the Inventory Closing Package Procedures Manual issued by the CG's Office. Physical inventory can be carried out for unrestricted-use stock, stock in quality inspection, and blocked stock in the warehouse/storeroom.

Goods Movement

For every goods movement transaction within the SCEIS solution, there will be a corresponding movement type, which will control how quantities and values of inventories are updated. Standard movement types will be utilized; however, if additional movement types need to be configured to support a process, then this will be addressed during the next phase. The following are the major types of goods movements that the SCEIS solution will provide.

Goods Issues

This process is used to issue material out of stock for consumption by the State. Some examples of this would be the issuance of office supply stock to an agency specific cost center or internal order. For every goods issue out of the system, there needs to be a corresponding account assignment entry at the time of transaction posting to account for the costs of those materials. The cost of the goods issued can be posted to one of the following account assignment categories:

- Asset
- Cost Center
- Internal Order
- WBS element

In addition to selecting a correct account assignment per goods movement transaction, a valid budget object structure needs to be entered. This will allow for real time budget checks ensuring there are sufficient funds available.

The warehouse/storeroom personnel will determine what requests they have for materials within their control. If there is sufficient quantity on hand they will proceed to issue those materials per the request to the appropriate account assignment. Documentation for the request should include the NIGP Commodity Code of the material, quantity, account assignment (including funding details), delivery location, if required, and some form of approval authority. The SCEIS solution will provide the ability to allow for this request to be in the form of a manual entry on the system or an electronic internal requisition for materials. During the goods issue process, budget availability will be checked and decremented. The relevant inventory will be reduced and the financial transactions posted real-time. The value of the material will come from the plant’s accounting view for the material master record at the time of the posting.

Goods Receipt

This process is used to receive material into stock for the State. An example of this would be the receipt of office supply stock that is currently being procured via a purchase order. The receipt of this material will be made into stock with reference to the purchase order. The Inventory Management cycle will require constant replenishment using the procurement process. All Procurement processes are documented in the Materials Management – Procurement section of this document.

All materials that are inventory items will need to be received into stock. All inventory items will be received into unrestricted stock. The workshops have defined that the State does not require the use of other special stock categories such as blocked stock or quality inspection. If, however, it is determined at a later stage that a special stock category is required, it can be setup in the system at that time. The receipt is an important step as it is part of the 3 way matching process for the payment of invoices in reference to purchase orders. Upon receipt of the materials the system will increase the quantity of the material on hand and have a subsequent accounting entry to increase the value of the Inventory GL account balance. The goods receipt will allow for a full or partial receipt of quantities against a purchase order. If the receipt is a partial then the purchase order will remain open unless a user (with appropriate authority) chooses to flag the purchase order as complete.

In addition, the SCEIS solution will provide other methods to receive material into stock. One example would be the receipt of materials into stock from an in-house manufacturing process. This will work exactly the same as the receipt with reference to a purchase order except it will use a different reference document such as an internal production order. The workshops have defined that there are agencies that do have production facilities and this functionality will be applicable to them. Other examples of goods receipt that the solution will provide will be:

- Initial load of inventory balances as agency rolls out
- Receipt without reference (such as donated goods at Fair Market Value)
- Receipt without reference to production order (if another system is utilized to control production and SCEIS is used for Financial and Material management control)

Surplus & Obsolescence

This process is used to scrap or dispose of material that no longer has a use within an agency. Some of the reasons include: the material has been destroyed or damaged, the material is out of

date, long storage quality defect, or a slow moving item. The warehouse/storeroom personnel determine what material is considered damaged or can no longer be used within their business operations. The appropriate approval will be required to authorize the write off of inventory. The transaction will be documented in the system and will require supporting information to include fields from the material master record, quantity, and reason for the write off of inventory stock. Scrapping will be posted as a goods issue without a reference document. The relevant inventory will be reduced. The cost of the scrapped material is assigned to a pre-determined cost center and G/L account. The value of the materials comes from the plant's accounting view for the material master record at the time of the posting. The material will be physically dispositioned (recycled, destroyed, disposed).

For inventory items that are intended to be turned into State surplus, effectively the ownership is moved from the responsible agency to the State Surplus office. A Turn in Document (TID) will be required to identify the commodities that are being turned in. Within the SCEIS solution, an Inventory Management transaction will be required to move to transfer the item within the solution. See section below on Stock Transfers. Either the one-step or two-step process may be used to do the transfer. Note: This process applies to Inventoried items. For items classified as Assets please refer to the Finance – Asset Accounting section of this document.

Returns

This process will be used when there is a need to return material to the supplier. Reasons could include, wrong item, incorrect quantities or specifications. For the return delivery, determine whether the goods were posted either into warehouse inventory or consumed by a state agency. The warehouse/storeroom personnel will identify the incorrect or over delivered material to be returned. A block will be placed on remaining inventory to prevent future issues. When entering the return delivery, reference is made to the material document to simplify the data input: identify the storage location, and verify returned quantity does not exceed the delivered quantity. The reason for the return can be selected from a drop down menu. The vendor is contacted to collect and/or replace the material. The vendor acknowledges the non-compliant material and sends replacements. The vendor is responsible for all transportation costs for the replacement and pickup of incorrect materials. The stock is returned to the vendor or disposed as directed. For returned material due to the agency's fault, restocking and shipping charges could be paid by the agency as per vendor's invoice. When posting a return delivery, a material document/return delivery slip is created. An accounting document is also created since the return delivery is

valuated. All stock levels are adjusted and the open PO quantity is increased by the returned quantity. Accounts Payable will be notified to ensure that any invoicing issues are resolved.

Issues (no charge)

This process will be used when there is a need to remove items from inventory and deliver those items to customers. These items will be issued to the customer at no charge. There will be no Accounts Receivable impact. This process does not replace the Stock Transfer Orders or Scrapping / Sampling processes above which are for internal entities.

The warehouse would receive a request for items to be delivered to a customer. If the customer does not exist on the system, a customer master record must be created. This customer master record would only contain the shipping address of the customer; no financial information would be entered. A goods issue would be entered on the system for the goods to be delivered. The customer number, G/L account and internal order to capture costs would be entered on the goods issue document. A goods issue slip (pick/pack list) would be created automatically when the goods issue was created. The goods issue slip would contain the materials to be delivered and the customer shipping information. The goods would be picked, packed and shipped to the customer that will receive them. Upon creation of the goods issue a material and accounting document will be automatically created and the inventory levels adjusted.

Stock Transfers

Transfers

Transfers involve the movement of material from one storage location (issuing – reducing stock) and transfer and placement into another storage location (receiving – increasing stock). The stock transfers will occur within a single plant or between two different plants. A one-step or two-step process will be used for transfers, depending on the time lag and location of the transfer.

The one-step process will enable the physical issuance of stock material from one location and the physical receipt of stock material at another location in a single transaction. For stock transfers from one storage location to another within a plant, no change in stock occurs at the plant-level and no accounting postings will be made. For stock transfers from one plant to another, valuation will be at the issuing plant’s cost. A user who wishes to perform stock transfers from plant to plant must have proper authorization to do so for both plant locations in the system. Delivery costs cannot be entered on a one-step transfer.

The two-step process will enable the physical issuance of stock material with a goods issue at the issuing plant, and goods receipt at the receiving plant. A material transfer is initiated in the sending plant, which moves the quantities and values to the receiving plants stock in transit. The system creates the appropriate accounting posting(s) and documents to support the transfer. Material will be transferred to the receiving plant's stock in transit until a goods receipt is processed for the receiving plant. The receiving location is responsible for resolving any quantity/quality discrepancies which could include, reversing original issue, receiving and transfers back to issuing plant or receiving and scrapping and review of the stock in transit. Delivery costs cannot be entered on a two-step transfer.

Stock Transport Orders (STO)

Stock Transport Orders/Deliveries to Agencies: The receiving plant or location completes a purchase request, which becomes a STO requisition, which is then converted onto a STO. Documents created during the issuance process must be compared with the material to ensure the correct material and quantity is associated with the correct delivery address. A goods issue is done at the sending location referencing the STO. This results in a reduction of inventory in the warehouse/storeroom and increments the receiving location's stock in transit. The sending location picks, packs and ships the requested material. This material can be consumed or added to the receiving location's inventory. If material is for consumption, a goods receipt is entered referencing the STO. This removes the value from the inventory account and charges a consumption account and cost center. When the material is for inventory, a goods receipt is entered referencing the STO. This removes the stock from in transit and updates unrestricted stock. The stock transport order will be used to capture shipping costs, and surcharges. The receiving location is responsible for resolving any quantity / quality discrepancies.

It is important to enter the goods issue with reference to the STO. This will simplify the process and defaults the information from the reference document: Material required equals the material issued, quantities, account information, and required date. The goods issue creates an electronic material document, electronic account document, goods issue slip, the stock is updated, and G/L accounts updated.

Bar Code Scanning

The SCEIS solution will provide the capability to integrate with bar coding solutions to capture goods movement activities in the system. Agencies that already use bar code scanners in

conjunction with their legacy Inventory Management will have their systems interfaced to the SCEIS solution as part of the Statewide rollout. The costs associated with bar coding equipment and additional interface requirements for any agency currently without a bar coding solution that choose to implement one in conjunction with the SCEIS solution will be outside of scope of the project. The financial requirements will need to be met by the agency.

Business Benefits

- Real-time processing of inventory transactions
- Goods receipt is linked to purchase order and invoice for 3 way match, providing an audit trail
- More efficient use of state funds with a just-in-time system
- More accurate information and better access to information with one statewide inventory system
- Ability to generate reports in a timely manner
- More efficient use of employee's time through streamlined processing
- More accurate financial reporting information since every inventory transaction will automatically post to the financial accounting records
- Better tracking of material receipts, which is currently a manual process. The system will automatically close POs that are fully delivered
- Better tracking of material issuance
- Funds availability checking and real-time integration between the issuance of goods and the charges being applied to the correct budget
- Automated updates between Inventory, Purchasing, and Accounting to ensure that all balances remain in check
- Encumbrance liquidation; automated funds management functionality is an improvement over the manual process today
- A comprehensive procurement system that allows users to view goods receipts and their POs and requisitions
- Real-time inventory availability across all state locations.

- Increase in the number of reports that can be generated on demand
- More efficient system if some form of automatic replenishment is used (though human intervention is still probably a good idea)
- More efficient system if other inventory processes can also be automated, such as automatic charge backs and requisitions

Business Requirements

The following are business requirements that were identified during workshops that were conducted with the SCEIS team and agency representatives:

Exhibit 3.2.4-1 Inventory Management Requirements

Requirement	Solution Capability
Centralized system that tracks inventory in detail and is configured based on requirements to meet each individual agency's needs.	RFP Section # 6.5.1 The SCEIS solution will provide integrated Inventory Management functionality as part of Materials Management. Baseline inventory functions will be configured for all State agencies. An agency will be established as a plant within the SCEIS solution and will have the ability to be configured for unique requirements to their agency.
Real-time inventory system allowing agencies to know at all times how much inventory is on hand and where it is located, etc.	RFP Section # 6.5.1 The SCEIS solution will be a real-time inventory system identifying quantity, value and location of inventory at any point in time.
Integrate financial accounting records automatically during goods movement for financial reporting purposes.	RFP Section # 6.5.1 The SCEIS solution Inventory Management functionality is real-time integrated with finance. Any goods movement transaction will have one or more corresponding financial transactions processed at the same time.
Integrated procurement and Inventory Management system customized for each individual agency's needs (possibly with automatic replenishment functionality).	RFP Section # 6.5.1 The SCEIS solution will provide integrated Inventory Management functionality as part of materials management. Baseline inventory functions will be configured for all State agencies. An agency will be established as a plant within the SCEIS solution and will have the ability to be configured for unique requirements to their agency. Automatic replenishment functionality will be available to each agency if they choose to use it.

Requirement	Solution Capability
Process to conduct inventory cycle counts that conforms to rules set by GAAP, CG's Office, and others.	The SCEIS solution will provide physical inventory capabilities for performing annual or cycle counts. The solution will be configured to adhere to GAAP principles and the inventory closing package policies and procedures published by the CG's office.
The ability to utilize moving average pricing.	RFP Section # 6.5.1 The SCEIS solution will provide each agency the option to choose standard or moving average or a combination of both.
The ability to have accounts for resale and inventory.	The SCEIS solution will provide the ability to have separate account classifications for resale and inventory.
The ability to account for donated items – quantity and value.	The SCEIS solution will provide the ability to account for donated items with the use of a specialized movement type that will bring inventory into the system either at zero value or fair market value.
Notification of expected shipment to warehouse personnel.	Report and workflow requirements have been identified later in this section to provide this capability.
The ability to track sensitive items.	The SCEIS solution will provide serial number functionality as part of Inventory Management to track sensitive items. Once an item is issued from inventory it will need to be managed by the assets management functionality.
Workflow requirements to include notifications to warehouse or other receiving areas when a purchase order has been issued which contain items to be delivered to that area	Workflow requirements have been identified later in this section.

Reporting

The following is a list of the Inventory Management Reports identified during the workshops.

Exhibit 3.2.4-2 Inventory Management Reporting Needs

Report Name	Description	Standard Report/ InfoCube
Commodity on Hand	This report will show a quantity on hand of a commodity or a listing of commodities by agency and by location.	InfoCube – Materials Movement
Commodity Consumption	This report will show the consumption of a commodity or listing of commodities by cost center, date and quantity.	InfoCube – Materials Movement

Report Name	Description	Standard Report/ InfoCube
Commodity Shelf Life	This report will show the defined shelf life of a commodity or a listing of commodities that may be about to reach their shelf life.	Custom report or InfoCube
MSDS	This report will list commodities that have a MSDS (Material Safety Data Sheet) associated with them.	Custom report or InfoCube
Commodity Shipping	This report will list commodities that are planned to be shipped out by customer, quantity, date and location.	Custom report or InfoCube
Commodity Receiving	This report will list commodities that are planned for receipt by vendor, quantity, date and location.	InfoCube – Purchasing Data
Zero Balance	This report will list commodities that have a zero quantity balance on hand by location.	InfoCube – Materials Movement
Field Returns	This report will list commodities that have been returned by quantity, date, location and reason.	InfoCube – Materials Movement
Damages	This report will list commodities that have been damaged by quantity, date, location and reason.	InfoCube – Materials Movement
Vendor Returns	This report will list commodities that have been returned by vendor, commodity, date, location and reason.	InfoCube – Materials Movement
Inventory Adjustments	This report will list all inventory adjustments by commodity, quantity, reason and value.	InfoCube – Materials Movement
Backorders	This report will list commodities that are on backorder by vendor/customer, date and quantity.	InfoCube – Backlogged Order Schedule Lines
Demand Rates	This report will list commodity activity over a period of time.	InfoCube – Materials Movement
Charge Backs	This report will list commodity charge backs by quantity, date and responsible cost center.	InfoCube – Materials Movement
Reorder Points	This report will list commodities and their reorder points by location.	InfoCube – Materials Movement
Ad-hoc inventory report	This is the ability to execute generic queries against inventory transactions within the system.	InfoCube – Materials Movement
Turn In Document	This report will identify all the inventory items that have been turned into State Surplus by commodity, quantity, date, location and value.	InfoCube – Materials Movement

InfoCubes represent predefined sets of data that will be accessible for authorized users from the SCEIS Business Warehouse. The InfoCubes contain information that is transferred from the production system into a repository on a predefined basis. The cubes are standard cubes within the solution and will be reviewed by the project team to confirm applicability for the specific functional reporting need as identified above.

Exhibit 3.2.4-3 Inventory Management InfoCubes

InfoCube Name	Purpose/Description
Material Movements	This InfoCube allows you to evaluate inventory stocks and material movements.
Slow Moving Items	This MultiProvider enables you to evaluate materials for which no movement has occurred.
Backlogged Order Schedule Lines	This InfoCube displays, in the InfoArea Delivery Service (0MMPUR_DLV), an enhancement to the evaluation methods for the theme complex Delivery Service Purchasing, which were delivered for the first time with Release 3.0B. Along with the quantity- and value-based consideration of the backlogged order schedule lines, classifications are also established. Here, the backlogged order schedule lines are uniquely distributed according to the following time periods: 1 day, 7 days, 30 days
Purchasing Data	This InfoCube allows you to carry out analyses of material groups, vendors, and materials. This data enables you to find answers to the following questions, for example: "Which materials and how much of each have been ordered from a certain vendor?" "How many PO items are there for a certain material group?"

Workflow

Workflow functionality will be provided as part of the SCEIS solution to provide efficiency to the Inventory Management process. The following are Workflow processes that will be defined in the system to support Inventory Management.

- A notification to the warehouse/storeroom manager will be created whenever a purchase order is created in the system that contains stock materials. Upon creation of the purchase order the system will initiate a workflow for each purchase order line item that has a material number and a blank account assignment, which determines a stock item. A notification email will be sent and will contain the purchase order number, vendor, material number, delivery date, delivery location and quantity.
- A notification to the warehouse/storeroom manager will be created when a reorder point for a material is reached. For those materials that are managed with a set reorder point and/or safety stock a workflow will be initiated whenever the reorder point has been reached. A notification email will be sent and will contain the material number, quantity on hand, reorder point. A warehouse/storeroom manager can use this to trigger a purchase requisition to replenish the material.

Imaging

Imaging requirements have been identified for the documents that impact the Inventory Management processes. Imaging within Inventory Management refers to the scanning and capturing of information that is required to be maintained to support the Goods Receipt sub-process. The following table identifies the types of documents and information to be included in the imaging process and the point in the process to which the imaging activities would generally occur.

Exhibit 3.2.4-4 Inventory Management Imaging Integration Points

Scanned Documentation	Approval Process	Imaging Integration Point
Packing Slip	No	Agency personnel would attach the packing slip that the vendor has delivered with the goods, to the goods receipt transaction. This would occur upon creation of the goods receipt in the SCEIS solution.
Invoice Support Document	No	Agency personnel would attach the invoice support documentation to the goods receipt transaction. This would occur upon creation of the goods receipt in the SCEIS solution. This documentation will be used to provide Finance a full audit trail when they get to invoice processing.
Service Confirmation Form	No	Agency personnel would attach the service confirmation form to the goods receipt transaction. This would occur upon creation of the goods receipt in the SCEIS solution. This documentation will be used to provide Finance a full audit trail when they get to invoice processing.

User Roles

Based on the business processes supporting Inventory Management, the following standard roles have been identified.

Exhibit 3.2.4-5 Inventory Management Standard User Roles

User Role	Description
Central Material Master Data Maintenance	The Central Material Master Data Maintenance users will maintain the Material Master within the SCEIS solution. They will be responsible for creating, changing and deleting of the Material Master record and ensuring the NIGP commodity code is utilized correctly in the creation of these records. They will work closely with the Agency Material Master Liaisons to ensure that the respective agency needs are meet for classifying inventory items with the NIGP coding structure.
Agency Material Master Liaison	The Agency Material Master Liaison will work with Central Material Master Maintenance users to ensure that the Agency needs are met for classifying inventory items with the NIGP coding structure. Each agency will needs to work with their liaison to help set up their initial list of NIGP codes and for and subsequent additions that are required to run the business.
Agency Inventory Issuer	The Agency Inventory Issuer will be responsible for issuing goods out of inventory.
Agency Inventory Receiver	The Agency Inventory Receiver will be responsible for receiving goods into inventory.
Agency Inventory Administrator	The Agency Inventory Receiver will be responsible for all the inventory functions within an agency. They will have the ability to receive, issue, perform physical counts, perform inventory adjustments and run reports.
Agency Inventory Display	The Agency Inventory Display user will have the ability to display all inventory transactions and run reports for their agency.